

Link briefing: The Sustainable Farming Incentive

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Wildlife and Countryside Link (Link) is the largest environment and wildlife coalition in England, bringing together 64 organisations for the protection of nature.

Executive summary

- The Sustainable Farming Incentive (SFI) 2022 announced this month does not sufficiently support farmers to help meet government's environmental commitments such as net zero or the halt of species decline by 2030.
- Within the wider Environmental Land Management scheme (of which SFI forms the first step) the Government has not yet provided enough clarity and certainty for farmers on the transition to nature-friendly farming.

Background

Farmers manage over 70% of the land in England, but poor agricultural policies and unsustainable farming methods have damaged the climate and our natural world. Agriculture is responsible for [10%](#) of our greenhouse gas emissions, farmland birds have declined by [over 50%](#) since the 1970s, and at present just [14%](#) of England's rivers are in good ecological condition, due in part to pollutants from farming.

The Government has pledged to recover nature but cannot meet this promise without significant changes to way we produce food and manage land. The Agriculture Act 2020 enables Ministers to develop a new farm support approach, which pays farmers and land managers for 'public goods' such as environmental or animal welfare improvements. Last year, the Government [committed](#) to rolling out the new payment scheme called Environmental Land Management by 2024, and to set out a new regulatory system for agriculture.

The Sustainable Farming Incentive 2022: Low ambition

The first component of the new Environmental Land Management system is the Sustainable Farming Incentive. It will set standards for agricultural practices designed to achieve change across a broad spectrum of farms. The government has published the first three standards, which will be refined alongside other standards.

The Sustainable Farming Incentive is intended to take up around a third of the funding available to support farming, but this could increase. As a result, standards that do not incentivise change beyond business as usual threaten to undermine the objectives of a transition to a sustainable farming model.

The three 'standards' in the [Sustainable farming Incentive \(SFI\) 2022](#) are: improved grassland soils standard; arable soils standard and the moorland and rough grazing standard. Each of these standards will pay farmers to carry out certain actions on their farms to receive a payment.

At present, the Sustainable Farming Incentive standards are low in ambition, and will only pay for introductory or intermediate measures. They will need to improve year upon year-with a clear roadmap of how to ensure they foster resilient farm businesses which are aiding healthy soil, water, wildlife and communities.

The **arable and horticultural soils standard** will pay for farmers to:

- Test their soil organic matter
- Assess the condition of their soils and produce a soil management plan
- Cover their soils to protect them from erosion
- Add organic matter to their soils

Although in their own right these actions are positive, the reality is that they are standard practice for many farmers already and are unlikely to result in the largescale improvements that are needed to improve our soils.

The **improved grassland standard** will pay farmers to:

- Test their soil organic matter
- Assess the condition of their soils and produce a soil management plan
- Cover their soils to protect them from erosion over winter

Again, many of these actions are already standard practice for many farmers and are unlikely to provide extra benefit for wildlife and for the public purse. For example, 76% of holdings reseed their temporary grassland with a clover mix every year without being paid for it. A higher ambition standard might include more agroecological practices such as managing pests without pesticides (integrated pest management) or reducing the practice of tilling the soil in some instances to retain carbon and improve soil health.

The **moorland rough grazing standard** pays for farmers to collect information on habitats and soils on their land. While environmental data is valuable, it is unclear where this data will be recorded, or what it will be used for. Further, with only the introductory level available in 2022, there is no opportunity for farmers to do more for nature.

Many moorland rough grazing sites are on peat-rich soils. A high ambition version of this standard could have included practices such as re-wetting, which would help to restore our vital peatlands. The published standard does not take up such opportunities, instead paying for a possibly futile exercise with no clear results.

Overall, the first standards are unlikely to contribute meaningfully to halting the decline of biodiversity or mitigating climate change. However, there are some promising commitments from government on future standards to be included in the SFI, such as on supporting organic farming and agroforestry.

The wider ELM system: Lacking in detail

Following the Sustainable Farming Incentive, the Government is expected to introduce two further schemes: Landscape Recovery and Local Nature Recovery. Significant areas of uncertainty remain about how what the Environmental Land Management schemes will achieve and by when, and what rules farmers and land managers will have to comply with in future. This leaves many businesses with uncertainty about the future, and risks falling behind on meeting Government environmental targets.

The major information gaps are as follows:

- **Payment details.** Farmers and other land managers have yet to see what will be paid for in the other ELM schemes Local Nature Recovery and Landscape Recovery. This leaves many in the sector without a clear understanding of how they can plan for their businesses in the coming years.
- **A clear plan on how ELM will help to meet Government targets** (such as those under the Environment Act or Net Zero). Successful delivery of these critical targets depends on farming reform; at present a significant sum of public money (c£3bn a year until the end of the Parliament) could be spent without a clear plan to ensure carbon mitigation and wildlife recovery at scale.
- **A new regulatory baseline.** Government has committed to designing a new system of regulation for farmers by the end of the transition, but there is not yet a roadmap to show what will be changing, and by when.

Recommendations

To address the low ambition of the SFI and the information gaps within ELM the Government should:

- Set out a ratchet mechanism, showing how the ambition of the SFI will be increased over time to reward farmers for improving the health of the natural environment.
- Set out its expectations for a new regulatory baseline as a benchmark for a new, greener “business as usual” in farming at the end of the transition; payments under the SFI should be a clear step above the new regulatory baseline.
- Swiftly publish specific and measurable targets for ELM, to ensure the schemes are designed to make a significant contribution to tackling the nature and climate crises.

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